

**ALASKA STATE LEGISLATURE**  
**SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE**

March 23, 2021

1:31 p.m.

**MEMBERS PRESENT**

Senator David Wilson, Chair  
Senator Shelley Hughes, Vice Chair  
Senator Mia Costello  
Senator Lora Reinbold  
Senator Tom Begich

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE JOINT RESOLUTION NO. 4

Proposing an amendment to the Constitution of the State of Alaska relating to abortion.

- MOVED SJR 4 OUT OF COMMITTEE

SENATE BILL NO. 93

"An Act relating to the establishment of an all-payer health claims database; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 92

"An Act relating to missing persons under 21 years of age."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SJR 4

SHORT TITLE: CONST. AM: ABORTION/FUNDING

SPONSOR(s): SENATOR(s) HUGHES

01/22/21	(S)	PREFILE RELEASED 1/8/21
01/22/21	(S)	READ THE FIRST TIME - REFERRALS
01/22/21	(S)	HSS, JUD, FIN

03/16/21 (S) HSS AT 1:30 PM BUTROVICH 205  
03/16/21 (S) Heard & Held  
03/16/21 (S) MINUTE(HSS)

BILL: SB 93

SHORT TITLE: HEALTH INS. ALL-PAYER CLAIMS DATABASE

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/24/21 (S) READ THE FIRST TIME - REFERRALS  
02/24/21 (S) HSS, L&C, FIN  
03/11/21 (S) HSS AT 1:30 PM BUTROVICH 205  
03/11/21 (S) <Bill Hearing Rescheduled to 3/16/21>  
03/16/21 (S) HSS AT 1:30 PM BUTROVICH 205  
03/16/21 (S) <Bill Hearing Canceled>  
03/23/21 (S) HSS AT 1:30 PM BUTROVICH 205

**WITNESS REGISTER**

LORI WING-HEIR, Director  
Division of Insurance  
Department of Commerce, Community and Economic Development  
(DCCED)  
Juneau, Alaska

**POSITION STATEMENT:** Presented SB 93 on behalf of the Senate Rules Committee at the request of the governor.

HEIDI LENGDORFER, Chief Data Officer  
Department of Health and Social Services (DHSS)  
Juneau, Alaska

**POSITION STATEMENT:** Answered question about SB 93.

PAM VENTGEM, Executive Director  
Alaska State Medical Association  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 93.

**ACTION NARRATIVE**

1:31:24 PM

**CHAIR DAVID WILSON** called the Senate Health and Social Services Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Costello, Hughes, Begich, and Chair Wilson. Senator Reinbold arrived shortly thereafter.

**SJR 4-CONST. AM: ABORTION/FUNDING**

1:32:05 PM

CHAIR WILSON announced the consideration of SENATE JOINT RESOLUTION NO. 4 "Proposing an amendment to the Constitution of the State of Alaska relating to abortion." He noted the committee heard an overview of the resolution on March 16 and took testimony.

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CHAIR WILSON solicited a motion.

[1:32:53 PM](#)

SENATOR HUGHES moved to report SJR 4, work order 32-LS0246\A, from committee with individual recommendations and attached fiscal note(s).

[1:32:59 PM](#)

SENATOR BEGICH objected.

SENATOR HUGHES said the resolution is moving through the committee process. A yes vote means it is going to the next committee of referral. Also, if the resolution were to pass both bodies, it would go before the voters. It does not at this time change policy.

SENATOR BEGICH said he is objecting because the resolution specifically highlights only one gender in terms of removing the protections of the right to privacy. A woman's right to choose would eventually be impacted by the consequence of removing questions of abortion from the issue of the right to privacy. He objects to that.

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A roll call vote was taken. Senators Hughes, Costello, Reinbold, Wilson voted in favor of SJR 4 and Senators Begich voted against it. Therefore, SJR 4 passed by a 4:1 vote.

CHAIR WILSON moved to report SJR 4 from committee with individual recommendations and attached fiscal note(s). SJR 4 was reported from the Senate House and Social Services Standing Committee.

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At ease

**SB 93-HEALTH INS. ALL-PAYER CLAIMS DATABASE**

[1:37:31 PM](#)

CHAIR WILSON reconvened the meeting and announced the consideration of SENATE BILL NO. 93 "An Act relating to the establishment of an all-payer health claims database; and providing for an effective date." Chair Wilson asked Director Wing-Heir to present the bill.

LORI WING-HEIR, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, said that an all-payer claims database has been discussed before in the state. This year the governor has introduced SB 93. She has been the director since 2014 and there has not been a year that she has not discussed the cost of healthcare or healthcare insurance with a member of the legislature. It really started with the ACA (Affordable Care Act), which is about the time she took the position, when the state saw the individual market increase. The employer's market increased. It didn't matter if it was a large employer with a self-insured plan or a small employer. Alaska had the highest cost in the nation, if not in the world. This has had an impact on employers as they strive to put together an affordable healthcare plan for their employees and continue to grow their businesses.

1:40:00 PM

MS. WING-HEIR said that physicians and other providers have worked hard with payers, be it with employers directly or insurance companies, for stronger and stricter network agreements. About two years ago, she first heard of the triple aim. Providence put on a seminar to talk about how to transform healthcare. At that time it was the triple aim. Now it is the quadruple aim. The goals are to improve the patient experience, improve the provider experience, have better health outcomes, and, importantly, lower the cost of healthcare.

MS. WING-HEIR said quadruple aim and conversations around the cost of healthcare have had broad community involvement. The administration and the legislature, the Congressional delegation, tribal partners, several groups from the Alaska Policy Forum to the Mat-Su Health Foundation, insurance companies, and providers have met many times in many different forums to discuss the cost of healthcare or to transform the healthcare system in Alaska. This ties back to the quadruple aim that people are trying to achieve. The Mat-Su Health Foundation, along with the Alaska State Medical Association and AARP, have submitted letters of support for this bill.

MS. WING-HEIR asked what is missing. People talk about the cost of healthcare, but the state has not had succinct, organized data. She can pull data from insurance companies and data can be gotten for AlaskaCare and Medicaid. Others could choose to provide information. The problem is that all have different systems. They come from different databases and there is no way to merge data to look at an aggregate cost of healthcare. Alaska has many reports on healthcare but no data. The reports show that healthcare costs a great deal, but they offer no solutions because there is not enough data. The state has had over 10 years of reports, not to mention those from ISER (Institute of Social and Economic Research) with the University of Alaska Anchorage. This is data needed to transform healthcare and take a step forward to the quadruple aim.

MS. WING-HEIR said that many of these reports concluded that an all-payer claims database was needed. She noted again that this is not a new concept. Reports back to 2013 to the state of Alaska urged the state to consider an all-payer claims database. An all-payer claims database is either hosted directly in the state or through a contract, where the state would do an independent procurement bid to hire a contractor to collect the data for the state in an organized format. Particular attention is given to privacy, in the transfer to the database and who can access it and under what conditions. The state proposal is to hire a contractor. The Division of Insurance and its partners at Retirement and Benefits and the Department of Health and Social Services (DHSS) would contract out for a database manager. There would be a lead organization to help the state through the process and then the state would have the data management vendor. Medicaid and private payers, insurance companies and third-party adjusters, would submit the data in a predetermined standard format. Particular attention will be paid to privacy. The data will be deidentified, meaning the cost of claims and procedures will be seen, but who had the procedure done will not be known.

1:45:01 PM

SENATOR HUGHES said that privacy is very important to her and her district. She clarified that nothing would be included that could be traced back to a patient, including social security numbers.

MS. WING-HEIR replied that the data will not be personally identifiable. It will be aggregate data that cannot be traced back to an Alaskan. Small communities will have to be merged into a geographic region so that no one can be identified in a

rural village where it would be easy to identify someone with a high-cost condition.

SENATOR COSTELLO asked if the data will show, for example, the cost of treating a broken arm by different providers or will it be averaged. An average won't be as helpful as looking at the disparity.

MS. WING-HEIR answered that data will be shown by provider but only to a degree. Federal law says that proprietary financial information must remain private, such as rates negotiated with an insurance company. The provider will be seen but not the rates negotiated with different insurance companies.

MS. WING-HEIR said that all-payer claims databases (APCD) are becoming more popular in the lower 48. More than 20 states have an APCD, in some states for more than 10 years. Alaska can learn from the mistakes made in the past to avoid those as it puts its database together.

MS. WING-HEIR asked, "Why now? If not now, when. And if not us, who?" To achieve the quadruple aim, the state must take the first step at some point if it is dedicated to transforming healthcare. The No Surprise Bill Act was passed in 2021. It was funded through the Consolidated Appropriation Act of 2021. It gave the state a gentle nudge to look at an APCD as it provides guidance on how to establish an APCD with grants of \$2.5 million to each state to improve current databases or to adopt a database. That is a big reason why she is there today; \$2.5 million is a good head start for the APCD.

SENATOR HUGHES asked that since other states are doing it, will Alaska be able to do comparisons to other states. Everyone has heard that Alaska has the highest healthcare costs, but will the APCD be part of the conversation once it is up and running.

MS. WING-HEIR answered yes. A researcher, an insurance company, or an employer will be able to pull data for another state to compare it to Alaska. The Secretary of Labor is in charge of designing a standard format that states have to agree to as part of the \$2.5 million grant, so that comparisons can be made to other states with databases.

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SENATOR REINBOLD noted that on page 3 the fiscal note is \$3.9 million.

MS. WING-HEIR replied that is DHSS fiscal note and DHSS can explain that.

CHAIR WILSON said that after the sectional the committee can ask questions about the bill.

[1:51:28 PM](#)

MS. WING-HEIR said that the Consolidated Appropriations Act is 5,500 pages and the No Surprise Bill Act starts on page 1,628 and page 1,956 starts to talk about the APCD, which is about 15 pages of the act. It says it will provide a structure to protect consumers against surprise medical bills. That gives an idea of why the APCD is important now. This does not mean that anyone who goes to a doctor will not get a billing. This means that if someone goes to an in-network ER facility but the provider is out of network, the patient will not get a surprise bill in that case. Variations include the facility being out of network but the provider is in. In an emergency situation the patient will not get a surprise bill. This includes air ambulances. Other times, when people go to a doctor, they will still have a cost sharing, a copayment, a deductible. That is the basis for the No Surprise Bill, but it also states that providers need to work with patients on consent for nonemergency procedures. Providers have to establish a directory of providers and a dispute resolution process about what the provider should be reimbursed by the payer. The bill provides guidance for continuity of care and requires insurers and other plans to have a price comparison tool. This gets into issues of transparency. Senator Hughes has a bill on the right to shop and this is a tool that would help with that. Consumers could see what the costs are. The No Surprise Bill modifies the requirement for the data on insurance cards, requires plans to provide an advance explanation of benefits, and encourages all-payer claims databases and provides grants up to \$2.5 million to each state.

SENATOR HUGHES asked what the effective date is in the No Surprise Bill.

MS. WING-HEIR said she thought it was January 2022. Some of the dates differ.

SENATOR HUGHES said that the presentation noted that the act requires insurers and other plans to have a price comparison tool. Slide 4 of Ms. Wing-Heir's PowerPoint lists sources of data and it is called an all-payer claims database, but her understanding is that union providers are not in the database. She was talking to a healthcare association that said it should

be called some-payers claims database. She asked who is being left out.

MS. WING-HEIR said that self-insured employers/union trusts are voluntary. The bill is structured so that insured plans, third party administrators that are not unions or trusts, Medicaid, and AlaskaCare will put their data in. It will be voluntary for other large employers. The division has talked to some that may provide data, and as it grows, there may be more participants. There is some fear of the unknown and what the data will be used for, but all will still have access to the data.

SENATOR HUGHES asked what the rough percentage is of those who are required to report in Alaska.

MS. WING-HEIR replied that between 35 and 40 percent will be in it.

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SENATOR BEGICH said he and Ms. Wing-Heir had had a conversation about this issue. Looking at page 2, line 25, to page 3, line 1, he asked where it says that. He read, "The director [except as prohibited under federal law,] may require a healthcare insurer operating in the state to submit healthcare data." He asked if the federal law protects the voluntary plans or trusts. He wants to draw attention to this to put a stake through that belief that exists out there that this will somehow force a trust or voluntary plan to have to provide data.

MS. WING-HEIR said there is not a state entity that has control over ERISA (Employee Retirement Income Security Act) plans, which is what the trusts are. They are regulated by the federal Department of Labor. "Except as prohibited by federal law" is key. There was a big court case where Maine tried to do an APCD and was slapped hard for trying to make the trusts comply. If the trusts want to volunteer, the division will gladly include them but does not have the authority to mandate that the trusts submit their data to the APCD.

SENATOR BEGICH said he wanted to explicitly place on the record that a part of the bill directly addresses what the state can and cannot do in terms of mandating reporting.

SENATOR REINBOLD asked if this has anything, including the grant, to do with COVID money.

MS. WING-HEIR answered no.



SENATOR REINBOLD said that she pulled up the State of Reform [Virtual health Policy Conference] on September 30 that all legislators were invited to. That was in regard to an APCD as well. She asked if there is any link or relationship to the State of Reform.

MS. WING-HEIR replied that off the top of her head she cannot remember what happened at the State of Reform. They are not a part of this bill nor would they be a viable entity to bid on it. Her answer at this point is that there is no link.

SENATOR REINBOLD said that a lot of the same people, such as Heather Carpenter, were involved and one of the key features was an APCD. It was put on by Senator von Imhof and Representative Spohnholz.

MS. WING-HEIR said that last year Representative Spohnholz and Senator von Imhof introduced an APCD bill. Ms. Wing-Heir did not attend the State of Reform last year. The bill did not move far last year. It was a different bill but the goal was the same, to get an APCD.

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CHAIR WILSON referred to what was the Alaska Healthcare Blueprint and is now the Healthcare Transformation Project. It has about 90 stakeholders. The representative and senator are on the executive committee. He and Representative Claman serve as members. It looks at healthcare costs around the state to find solutions. That was one of the action items from the work of that group.

MS. WING-HEIR replied that it was a big group. Senator von Imhoff and Representative Spohnholz are part of the executive committee of that organization. Funding is from Rusmison Foundation and Mat-Su Health Foundation.

CHAIR WILSON added the state of Alaska also.

SENATOR REINBOLD noted many legislators were involved with the State of Reform conference, which did involve COVID. One of the goals was an APCD. Ms. Wing-Heir in her presentation noted improving the patient experience, producing better outcomes, lowering the cost of healthcare, and improving staff experience. She asked how the Division of Insurance will do that.

MS. WING-HEIR replied that the Division of Insurance is not going to do that, but it will be part of it. Part of that is getting the data. This data will not only be about cost but will have a quality metric, which will help improve patient experience and outcomes. In the end better outcomes should lower healthcare costs and improve the provider experience because, frankly, providers have been beat up about the cost of healthcare. Some of it has been subjective and objective. The state knows it is high but has never had the aggregate data to really delve into why costs are so high or where.

SENATOR REINBOLD said that is pie in the sky. It sounds lovely. The silver bullet is \$4 million more of state bureaucracy. It doesn't add up for her. She is skeptical because this is a significant growth of government. She asked Ms. Wing-Heir how deeply involved each of the health partners are in this and how.

MS. WING-HEIR said that the administration has looked at studies and ways to cut healthcare and how to work with insurance companies, providers, and the state's own plans for employees. The Chamber of Commerce has been open to working with and supporting the transformation of healthcare. It will take a village. No one person or one organization can do this. These groups have worked through forums, through projects, and through papers. They have written to legislators. They are extremely interested as employers and as a part of Alaska in seeing either the cost of healthcare explained or at least stabilized, if not reduced.

SENATOR REINBOLD said the state has so many databases. To make a promise that all these things are going to be achieved, including a reduction in healthcare, as it increases government by about \$4 million in the first year in her mind is not adding up. She asked who the providers are. They get regulated and regulated. She asked about the type of privacy, such as it will be encrypted. She asked what kind of rating the state has. The last time she checked it was an F for privacy with state data. This is important, protected information. Article 1, Section 22, says the legislature's responsibility is to ensure citizens' data is protected. If the legislature authorizes this, she wants assurances about how the information will be protected.

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MS. WING-HEIR said the division has a letter of support from the State Medical Association, which encompasses a number of providers. The division has talked to ASHNHA (Alaska State Hospital and Nursing Home Association). She is sure that ASHNHA

will weigh in on the bill at some point. There has been strong involvement with the providers. Providers were well represented with the Healthcare Transformation Project and with Alaskans for Sustainable Healthcare. As for privacy, she doesn't know the rating of the state. She will see what she can find. The data the division is looking at exists in some database, either with a third party administrator or the Medicaid system or insurance companies. The division would bring the deidentified data to its database and use the strongest possible security to ensure Alaskans' privacy is protected.

SENATOR REINBOLD said that she would like to have a hearing about data privacy and she would like a specific list of providers.

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SENATOR HUGHES said that she has worked with the Alaska Primary Care Association. Over the decades the state has had task forces on healthcare to improve the state system and the costs have escalated. One of the reasons is because the state does not have free market principles operating well in the healthcare system because the costs are unknown. At most businesses, consumers know the cost, but it is difficult with healthcare. As long as she is assured that there is the utmost privacy with deidentification, this is one of the first things she has seen come out of the work over the decades that might move the needle. She will be concerned about privacy, but this is not gathering data for the sake of gathering data. It is to move the needle. Alaska is the highest cost place on the planet. If this is a way to move Alaska from that top spot, she would like to see it. She is aware of the decades of work with providers sitting around the table. The Alaska Medical Association, the Alaska Dental Association, they have all been part of the conversations. If this is what they are promoting, that might help the state. As long it is fully deidentified, it is a step forward. She doesn't want to grow government, but \$4 million is a drop in the bucket compared to what private citizens are spending in a year.

MS. WING-HEIR said that most of the information about the APCD in the act states that secretaries in D.C. are adopting regulations about what an APCD will be, but there is a grant of \$2.5 million available to Alaska. Alaska will have to ensure uniform data collection and privacy and security of data. The division will do its utmost to do that.

CHAIR WILSON asked when the application period will be available for states.

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MS. WING-HEIR said that the division is hoping by July 1, but with all that is required in the No Surprise Bill Act, it is a tall, tall order for the federal government, but the division is hoping that the federal rules will be published for comment by July 1.

MS. WING-HEIR displayed the authorized users on slide 14. The division must guarantee who can access the data and when. She highlighted the third bullet, "The entity shall enter into a data use and confidentiality agreement with the state - the agreement shall include a prohibition on attempts to reidentify and disclose individually identifiable health information and proprietary financial information." The state must have this worked out to get the grant. The act addresses who can access the data for free and who the division can charge for cost. The standard format will be defined by the Department of Labor. Proprietary information is defined in the act--the data that would disclose the terms of a specific contract between an individual healthcare provider or facility and a specific group health plan, managed care entity, or other managed care organization, or health insurer offering group or individual health insurance. Those network agreements are proprietary information.

SENATOR BEGICH clarified that the APCD is free for individual consumers but the law allows the division to consider a fee-based process to pay for operating costs.

MS. WING-HEIR replied yes, that it does for research, for insurance companies, and such. The division must allow it at cost.

SENATOR BEGICH said that he had been thinking of an amendment related to that issue, but he asked if it is necessary if the division has the authority to do that.

MS. WING-HEIR answered that she would be hesitant to put the pricing in until the federal government gives the state more guidelines with the rules.

SENATOR BEGICH asked if she has the authority to charge a fee under the bill as it is written. He was not thinking of putting in a pricing schedule.

MS. WING-HEIR responded that she is not an attorney, but it couldn't hurt. The federal guidelines do provide it, but it could be stronger.

SENATOR BEGICH said that he was going to work on an amendment that would provide the authority for fee-based access to offset implementation and continuing operating costs.

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SENATOR REINBOLD said this sounds like a repeat of the ACPE (Alaska Commission on Postsecondary Education) common core database that ended up being linked to the Permanent Fund Dividend. No one can opt out of this information. That was for education. Healthcare is an even bigger deal than education. She is concerned about the breach of data, even the elections data was breached. She does not trust the state. The state does not have the top encrypted security. This is too much liability for her. She asked if the APCD has to comply with HIPAA. She would be resistant if she were a provider about entrusting the state with data. There can be serious criminal penalties for violating HIPAA.

MS. WING-HEIR responded that the division is not collecting data from providers but from payers.

SENATOR REINBOLD said that private providers have to play a role or there is no healthcare.

MS. WING-HEIR said that the data will come deidentified. The state will use a contractor. It will not be in a state database. It will be with data security company. All she can ask for in an RFP (Request for Proposals) is the strictest standards to guarantee the privacy of Alaskans and their data.

MS. WING-HEIR said that the Secretary of Labor shall establish, and periodically update, a standardized reporting format for voluntary reporting, by group health plans of medical claims, pharmacy claims, and dental claims and eligibility and provider files. This comes from insurance companies. Nothing asks the providers to submit directly to the database.

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MS. WING-HEIR displayed a simple graph on slide 17 to show how this would work. Payers would submit to the lead organization and data manager and then APCD reports and data products would be available to help with the goal of reforming healthcare.

SENATOR BEGICH said in reference to the last box representing data products, he has another amendment concept to ensure that the data is easily accessible to the consumer. He is only posing this theoretically, but he is thinking of requiring developing the database in conjunction with the Better Business Bureau or a consumer protection group.

MS. WING-HEIR said that the federal law will require the database to have a front-facing entity where people can comparison shop and pull data. It will not go into real specifics, but people would see the different data on providers and what the cost might be.

SENATOR BEGICH offered that a better approach would be to suggest in the RFP instead of legislation that whoever develops the database works with a consumer group that understands how difficult it can be. Over 100 languages are spoken in his district. Many people may not proficient with English or have access to the internet. That could be considered as part of the RFP. There could be a line about an ability to consider the consumer end product in an RFP.

MS. WING-HEIR replied that is a good idea. She had not thought of the language barriers and will take that into consideration, that common consumers must understand what they are pulling and what it means to them.

SENATOR BEGICH said that he will submit that in the form of a letter rather than an amendment.

2:22:13 PM

SENATOR COSTELLO asked if a customer goes to the database to see the potential cost, what happens if the bill from the provider is different from the database information.

MS. WING-HEIR answered that is part of the No Surprise Act The provider must give an estimate up front. If it is wrong, barring no unseen consequences, there is a reporting provision back to the federal government. There is a dispute resolution process if there is a difference between what someone was quoted and the final bill. That is under the No Surprise Bill.

SENATOR REINBOLD said she spent many years in healthcare, such as chief operating officer of a medical practice. People would say they were coming in for a headache when it could actually be a host of many other issues. Healthcare is complicated.

Healthcare is not like a grocery story. It is stressful to run a front desk. She would prefer doing something about long-term outcomes, which are more important than one more database. This bill frustrates her.

MS. WING-HEIR replied that is one of the quadruple aims, better healthcare outcomes, helping to bring costs down. Both the patient and provider have a better experience.

CHAIR WILSON asked Ms. Wing-Heir to present the sectional.

2:25:32 PM

MS. WING-HEIR presented the sectional analysis for SB 93, which is four pages long and, in its essence, allows the division to establish a database:

Section 1: Establishes a new chapter 92 in Title 21 with the following sections:

Section 21.92.010 - All-payer claims database (APCD) is established.

- (a) Defines the purpose of a statewide APCD:
  - 1) collect and analyze existing healthcare cost and quality data;
  - 2) create a central repository that is objective and reliable; 3) provide transparent access to healthcare information while protecting individual privacy and proprietary data; and
  - 4) enable researchers, policymakers, and the public to make informed decisions regarding healthcare.
- (b) APCD must provide:
  - 1) publishable analytics to improve transparency;
  - 2) systematic collection of data; and
  - 3) enhanced transparency.
- (c) The director may:
  - 1) require an insurer to submit data;
  - 2) establish penalties to ensure compliance;
  - 3) create agreements for voluntary reporting;
  - 4) solicit, receive and administer funding from public and private sources; and
  - 6) carry out other activities.

Section 21.92.020 - Selection and duties of lead organization.

- (a) By competitive bid, the director can select an organization to manage the APCD.
- (b) Provides organizational requirements for the APCD managing organization

Section 21.92.030 - Confidentiality.

- (a) The APCD shall be secure and confidential and shall not be subject to public records public inspection. Aggregated information can be shared as provided in regulations. Individually identifiable healthcare information will be confidential; and
- (b) Information in the database will not be subject to subpoena in any civil, criminal, judicial, or administrative proceeding.

Section 21.92.040 - Regulations. Allows for the director of the Division of Insurance to adopt regulations.

Section 2: Allows the Division of Insurance to promulgate regulations not later than January 1st of the calendar year following the effective date.

Section 3: Provides for an immediate effective date.

MS. WING-HEIR said this is a simple bill in contracting out.

[2:27:47 PM](#)

SENATOR BEGICH said that for Section 1, Section 21.92.020, selection and duties of lead organization, he could draft his amendment ideas and put them in here. He will share his ideas with the director to see if they are consistent and acceptable with what the bill is trying to do. Otherwise, he will just leave them with her as suggestions. The contractor should be required to work with stakeholders so the contractor responds to actual needs. Senator Reinbold has made clear that anything the legislature passes must be responsive to the community. Senator Hughes has focused on the privacy issue. He thinks of small villages. The census uses a differential process to assign data to a region but not necessarily a village.



MS. WING-HEIR said that everyone on her team agrees that this has to be deidentified. A claim may not show up, say, as a North Slope claim.

2:30:37 PM

SENATOR BEGICH said it is differential privacy. That is one of the concerns he would put on the table. He supports the bill with those little caveats.

SENATOR HUGHES asked if grouping villages is required in the legislation or is that just the division plan. She wondered if that needed to be in the bill.

MS. WING-HEIR said that the division has talked about it internally. The federal bill requires it be deidentified. She doesn't know if it specifies how regions have to be merged to form one group, but the administration has talked about it internally. With another program, so that no one could point out a claim, the state had to do a more aggregate approach. The state doesn't anyone with a scarlet letter because of a healthcare condition.

SENATOR HUGHES suggested that maybe the committee could make sure that is a durable feature of this. Also, because more Alaskans are choosing to use providers outside of the state, she asked if that data from out-of-state providers could be collected and deidentified.

2:32:46 PM

MS. WING-HEIR answered that she would say yes because the data is from the payer, not the provider, so the state would get that data. The division would need to look at how to deidentify that if, for example, someone went to the Mayo Clinic in Minnesota.

SENATOR HUGHES asked if there will be a way to track what percentage of treatment is received outside of the state.

MS. WING-HEIR replied that she would think that the state could see how much healthcare is going to Seattle, for example, and not Anchorage, but, again, the division must cognizant of the need for deidentification if, for example, someone went to New Hampshire.

SENATOR REINBOLD said her philosophy is that to lower healthcare costs in Alaska, increase vitamin D, encourage people to exercise, and choose a healthier lifestyle. That is what will do it, not another bureaucratic approach. On page 1 of the bill,

there is a central depository of healthcare information and line 13 says transparent access, so a lot of people can access this data, while protecting individual privacy and proprietary data. She asked what will be protected, exactly.

2:34:58 PM

MS. WING-HEIR answered personal, identifiable data information that would identify individuals as the person who received that healthcare and the proprietary information is between the provider and the insurance company or third-party administrator or the self-insured with a network agreement. That is considered proprietary under the federal bill.

SENATOR REINBOLD clarified that the division will be getting the personal data and the proprietary information and would have to protect that.

MS. WING-HEIR said that she did not believe that the division will be getting it. The division will have transparent access to healthcare information while protecting individual privacy. There would be no need for the division to get the identifiable information. The division would only get the deidentified information.

SENATOR REINBOLD asked if the contractor would get that.

MS. WING-HEIR replied that she does not believe so. It is deidentified when the contractor gets it.

SENATOR HUGHES said that the bill on page 2, line 13, says that "a systematic collection of at minimum" and on line 18 "deidentified enrollment files," so the vendor or contractor doesn't get it.

2:36:40 PM

SENATOR REINBOLD asked then who has it. She is trying to figure out what must be protected if nothing is identified. It is an oxymoron.

CHAIR WILSON said it just states that as a double scrubber, just in case. The provider gives the information to the insurer, the insurer scrubs the information and then gives that to the state. In the bill, the state will protect all the information it gets. Protecting privacy is on page 2, which states the state will collect the minimum, necessary deidentified information.

SENATOR REINBOLD said there could be criminal fines for releasing HIPAA-protected data. She asked if there is any type of fine if information is released.

MS. WING-HEIR responded that she struggles with that because there must be information released, which is why it is being collected, for researchers and policy makers to use to look at the cost of healthcare, but it will be deidentified. The state will, to the highest standards, working with insurers, other payers, and contractor, make sure the information is deidentified to protect the consumers.

CHAIR WILSON asked someone at DHSS to verify that there are sanctions for violating federal HIPAA law.

[2:38:53 PM](#)

HEIDI LENGDORFER, Chief Data Officer, Department of Health and Social Services (DHSS), Juneau, Alaska, said that is correct and normally happens through the Office of Civil Rights.

CHAIR WILSON clarified that the office would also go after the state of Alaska if the state released that information.

MS. LENGDORFER answered that is correct.

SENATOR REINBOLD stated that is helpful. She asked what type of penalties are issued.

MS. LENGDORFER replied that they are typically monetary penalties.

SENATOR REINBOLD asked for a range.

CHAIR WILSON asked Ms. Lengdorfer to provide that in writing to the committee.

SENATOR REINBOLD asked if there are any criminal penalties.

MS. LENGDORFER answered that she is not aware of criminal penalties because typically the enforcement action is taken against organizations.

[2:40:28 PM](#)

CHAIR WILSON opened public testimony.

[2:40:39 PM](#)

PAM VENTGEM, Executive Director, Alaska State Medical Association, Anchorage, Alaska, said the Alaska State Medical Association (ASMA) is the largest physician association. It is in support of SB 93. It is obvious to all that healthcare quality and cost and delivery are on the forefront of policy debates in Alaska and around the country. For ASMA, the foundation for making good policy decisions rests on good data. Many studies advocate for an APCD as the first step for understanding healthcare costs, quality, and delivery and yet Alaska has not taken that first step. Instead, Alaska constantly debates anecdotal information, old information, and incomplete information. Over the last decade, the state has built healthcare delivery systems that the ASMA believes is as good as what can be obtained Outside. That hasn't always been the case. As the state continues to approach healthcare policy decisions, ASMA does not want to see decisions that undermine the current level of care. Having good, actionable information will be key to making any healthcare policy decisions in the future.

[2:42:22 PM](#)

CHAIR WILSON closed public testimony.

SENATOR REINBOLD said that page 3 for the selection and duties of the lead organization says the director "may" use a competitive bid process. She asked why it does not say "shall" use a competitive bid process.

MS. WING-HEIR answered that she would need to ask the drafters. There is no way to do this without a competitive bid process.

SENATOR REINBOLD asked if she would mind an amendment to make it "shall" and Ms. Wing-Heir answered no.

[2:43:30 PM](#)

CHAIR WILSON held SB 93 in committee.

[2:43:45 PM](#)

CHAIR WILSON announced there was not enough time left to hear SB 92.

[2:44:30 PM](#)

There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee meeting at 2:44 p.m.